

## State of California

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**Legislative Change No.****03-24**Bill Number: SB 103Author: AlpertChapter Number: 03-655Laws Affecting Franchise Tax Board: Revenue and Taxation Code Section 24871Date Filed with the Secretary of the State: October 2, 2003

SUBJECT: Regulated Investment Companies (RIC) Used To Avoid Tax

**Senate Bill #103 (Alpert), as enacted on October 2, 2003, made the following changes to California law:**

Section 24871 of the Revenue and Taxation Code is amended.

This act ensures that banks cannot use a regulated investment company (RIC) to avoid California tax. Starting with the 2003 taxable year, it expressly denies corporate shareholders a dividend deduction for earnings in a RIC that are not from stock dividends.

This act also contains uncodified language declaring the Legislature's intent that no inference be drawn by the act for any taxable year beginning before January 1, 2003.

This act is effective immediately and operative for taxable years beginning on or after January 1, 2003.

This act will not require any reports by the department to the Legislature.

Bureau Director

Jana Howard for Brian Putler

Date

10/31/03